

COINS

Basics for beginners at trading time

By Roger Boye

Nine years ago, a Chicago physician paid \$1,850 for a handful of old silver coins, including an extremely rare 1916-D Mercury dime. He bought the treasures as an investment, hoping someday to double his money.

But four weeks ago, the man unloaded his collection at an even bigger profit, despite the weak coin market.

"I managed to sell the entire lot for more than \$6,100," he said. "I was pleased—and surprised—by my good luck."

Actually, the man's experience was not unusual because rare coin collections held for several years have outperformed many other kinds of investments during the last decade. Reports of handsome profits have lured thousands of "armchair investors" to the hobby who want to make money by buying and selling rare coins.

Unfortunately, many newcomers forget that the prices of rare coins can and do drop [the current market slump is nearly 18 months old], while others are swindled by con artists posing as coin dealers. Novices must realize that suc-

cessful "coin investing" requires much knowledge and hard work.

To assist the would-be buyer or seller of rare coins, here's a review of the best tips from hobby pros.

- When investing, go to more than one rare coin dealer to get the best deal.

- Know the person with whom you do business, or patronize well-established dealers.

- Learn as much as possible about coins before you start to acquire the rare dates.

- Learn also how to determine the condition of a coin because condition greatly influences a coin's price.

- Don't assume a coin is rare simply because it is old. Supply and demand affect the price more than the age does.

- Realize that a dealer's selling price for a

coin is usually 30 percent or more higher than what the dealer paid for the coin.

- Beware of coins offered for sale at bargain-basement prices because counterfeits are known to exist. Better yet, learn to identify the fakes.

- Overcome the temptation to clean coins before a sale in an attempt to improve its condition.

- If you own choice material, consider placing it on auction with a major coin auction firm rather than selling directly to a dealer. Although the fee may be 10 percent or more of the sales price, the best profits often are made at auctions.

- Don't expect all coins to appreciate in price. Collectors who think they'll become rich by owning a coin collection sometimes end up disappointed or even broke.